

**THE OFFICE OF REGULATORY STAFF  
DIRECT TESTIMONY AND EXHIBITS  
OF  
WILLIE J. MORGAN, P.E.**

**DECEMBER 3, 2012**



**DOCKET NO. 2012-177-WS**

**Application of Tega Cay Water Service,  
Incorporated for Adjustment of Rates  
and Charges and Modifications of  
Certain Terms and Conditions for the  
Provision of Water and Sewer Service**

**DIRECT TESTIMONY OF WILLIE J. MORGAN, P.E.**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2012-177-WS**

**IN RE: APPLICATION OF TEGA CAY WATER SERVICE, INCORPORATED  
FOR ADJUSTMENT OF RATES AND CHARGES AND MODIFICATIONS OF  
CERTAIN TERMS AND CONDITIONS FOR THE PROVISION OF WATER  
AND SEWER SERVICE**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

A. My name is Willie J. Morgan, and my business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff (“ORS”) as the Program Manager for the Water and Wastewater Department.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

A. I received a Bachelor of Science Degree in Engineering from the University of South Carolina in 1985 and a Master of Arts Degree in Management from Webster University in 2000. I am a licensed Professional Engineer registered in the State of South Carolina and have completed the Certified Public Manager Program. My professional affiliations include membership in the American Water Works Association (“AWWA”), the South Carolina Section of

1        the American Water Works Association (“SC-AWWA”) and the National Society  
2        of Professional Engineers (“NSPE”). Also, I have served as a Director for the  
3        Columbia Chapter of the South Carolina Society of Professional Engineers. After  
4        graduating from the University of South Carolina, I was employed by the South  
5        Carolina Department of Health and Environmental Control (“DHEC”) as an  
6        Environmental Engineer Associate. Later, I was promoted to the position of  
7        Permitting Liaison where I assisted industries and the public with environmental  
8        permitting requirements in the State of South Carolina. This assistance included  
9        providing information about air quality, solid and hazardous waste management,  
10       and water and wastewater management requirements. I was employed by DHEC  
11       for nineteen years. In October 2004, I joined ORS as the Program Manager for  
12       the Water and Wastewater Department.

13    **Q.    HOW LONG HAVE YOU PROVIDED REGULATORY OVERSIGHT**  
14       **AND ENGINEERING SERVICES TO WATER AND WASTEWATER**  
15       **FACILITIES?**

16    A.        I have over twenty-seven years of regulatory compliance experience  
17        providing assistance and regulatory oversight for water and wastewater facilities  
18        and services.

19    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
20       **PROCEEDING?**

21    A.        The purpose of my testimony is to set forth the ORS staff findings relative  
22        to my review of the rate increase application submitted by Tega Cay Water  
23        Service, Inc. (“Tega Cay” or “the Company”). Specifically, I will focus on Tega

1            Cay's compliance with the Public Service Commission of South Carolina's  
2            ("Commission" or "PSC") rules and regulations, ORS's Business Compliance  
3            Review of Tega Cay's water and wastewater systems, test-year revenue,  
4            calculated proposed revenue, and performance bond requirements.

5    **Q.    ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**  
6    **TESTIMONY AND ACCOMPANYING EXHIBITS?**

7    A.            Yes, my testimony and the attached exhibits detail ORS's findings and  
8            recommendations.

9    **Q.    PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**  
10   **TESTIMONY AND EXHIBITS.**

11   A.            I used ORS Business Office Compliance Review results, information  
12            provided by Tega Cay in its application and additional information provided by  
13            Tega Cay during the course of our business review and facility site inspections. I  
14            also reviewed Tega Cay's financial statements and performance bond documents  
15            submitted to the Commission.

16   **Q.    PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE**  
17   **TYPES AND CUSTOMER BASE SERVED BY TEGA CAY.**

18   A.            Tega Cay is a public utility providing water distribution services and  
19            wastewater collection/treatment services. As a subsidiary of Utilities, Inc., Tega  
20            Cay's South Carolina operations are classified by the National Association of  
21            Regulatory Utility Commissioners ("NARUC") as a Class B water utility and a  
22            Class B wastewater utility according to water and sewer revenues reported on its  
23            application for the test year ending December 31, 2011. The Commission

1        approved service area for Tega Cay is located within York County. According to  
2        its application, Tega Cay provides water distribution services to 1,739 residential  
3        and commercial customers and wastewater collection/treatment services to 1,716  
4        residential and commercial customers.

5        **Q.    PLEASE EXPLAIN EXHIBIT WJM-1 OF YOUR REPORT.**

6        A.        Exhibit WJM-1, consisting of three pages, provides a summary of the  
7        Business Office Compliance Review completed by ORS. During the Business  
8        Office Compliance Review, ORS reviewed Tega Cay's office records to  
9        determine compliance with Commission rules and regulations. Tega Cay is in  
10       compliance with the Annual Report and Gross Receipts requirements.

11       Tega Cay entered into a Consent Agreement with DHEC for its  
12       wastewater operations on September 30, 2009. Consent Order 09-042-W detailed  
13       violations of the Pollution Control Act, S.C. Code Ann § 48-1-10 to -350, and  
14       National Pollutant Discharge Elimination System ("NPDES") Permits  
15       SC0026743 and SC0026751. On February 16, 2011, Tega Cay entered into a  
16       second Consent Agreement with DHEC for its wastewater operations. See  
17       Exhibit WJM-8. Consent Order 11-004-W detailed violations of the Pollution  
18       Control Act, S.C. Code Ann § 48-1-10 to -350, and Water Pollution Control  
19       Permits, 24 S.C. Code Ann. Regs. 61-9.122.41(a), (c), and (e), and NPDES  
20       Permits SC0026743 and SC0026751.

21       **Q.    PLEASE EXPLAIN EXHIBIT WJM-2 OF YOUR REPORT.**

1        A.                Exhibit WJM-2, consisting of three pages, is a summary of the water  
2        distribution and wastewater collection/treatment systems inspected by ORS on  
3        October 25, 2012.

4        **Water Distribution System**

5                Tega Cay provides water distribution services to its residential and  
6        commercial customers. Water is provided to customers by Tega Cay from an  
7        outside bulk water provider, York County Public Works. Required operator logs  
8        were being kept at all applicable ORS audited facilities. As required by the  
9        Commission regulations, general housekeeping items including system entry  
10       points, access roads and signage were found to be satisfactory during the audit.  
11       Potable water and irrigation consumption is metered to all customers.

12               Tega Cay provides fire protection service to its customers through eighty-  
13       two fire hydrants. DHEC rated the water system as “SATISFACTORY” during  
14       the last sanitary survey. No construction activity is being proposed by Tega Cay  
15       for its water systems and no immediate need exists for any major upgrade.

16       **Wastewater Collection/Treatment System**

17               Tega Cay provides wastewater treatment at two locations in York County  
18       under NPDES permits. During the ORS inspection, all wastewater collection and  
19       treatment systems were operating adequately and in accordance with DHEC rules,  
20       regulations and DHEC Consent Orders 09-042-W and 11-004-W. At the time of  
21       our visit, there was no construction activity ongoing at either Wastewater  
22       Treatment Plant (“WWTP”). While no sanitary sewer overflows (“SSOs”) were  
23       noted during the ORS visit on October 25, 2012, there had been several instances

1            of SSOs from the collection system during the test year. In response to DHEC  
2            Consent Order 11-004-W which covers SSOs, Tega Cay completed an Inflow and  
3            Infiltration (“I/I”) study to review its sewer collection system. Extensive  
4            corrective action work has been completed as a result of the study.

5    **Q.    DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE TEST YEAR**  
6    **REVENUES OF TEGA CAY?**

7    A.            Yes.    ORS completed a review of Tega Cay’s customer water  
8            consumption and base facility charge (“BFC”) revenue calculations and its sewer  
9            revenue calculations for the test year. Based on that review, ORS made revenue  
10          adjustments totaling \$8,456, as shown on Audit Exhibit CLS-1. These revenue  
11          adjustments normalize the customer billing information provided by Tega Cay  
12          and additional information reviewed by ORS.

13   **Q.    EXPLAIN THE TEST YEAR REVENUE INFORMATION CALCULATED**  
14   **BY ORS FOR TEGA CAY.**

15   A.            Exhibit WJM-3 summarizes Tega Cay’s service revenues for the test year  
16          ending December 31, 2011. ORS used consumption data provided by Tega Cay  
17          and verified during the audit. In addition, ORS used Tega Cay’s current and  
18          proposed rates as reflected in the Application for these calculations. ORS  
19          calculated test year revenue based on customer billing information provided in the  
20          Application and supplemental data provided by Tega Cay. Based on our review,  
21          an adjustment to service revenue is required for the test year ending December 31,  
22          2011. In summary, ORS calculated test year service revenue for water operations,  
23          as adjusted, of \$402,559. ORS calculated test year service revenue for

1        wastewater operations, as adjusted, of \$818,385. ORS calculated test year service  
2        revenues for combined operations, as adjusted, of \$1,220,944.

3                For comparison purposes, ORS calculated Tega Cay's proposed water  
4        service revenues, as adjusted, of \$540,375. ORS calculated Tega Cay's proposed  
5        wastewater service revenues, as adjusted, of \$1,365,861. At Tega Cay's proposed  
6        rates, combined service operating revenue, as adjusted, would total \$1,906,236.

7                ORS did not factor customer growth into these revenue comparisons. As  
8        shown in Exhibit WJM-4, the projected growth for Tega Cay for water and  
9        wastewater service is approximately 0.26%.

10                ORS proposes a (\$5,187) adjustment to Tega Cay's test year  
11        Miscellaneous Revenues based on Tega Cay's revenue records, late payment  
12        calculations and other supporting documentation. The total of Miscellaneous  
13        Revenues for the test year, as adjusted, is \$29,810. ORS calculated proposed  
14        Miscellaneous Revenues for Tega Cay, as adjusted, of \$32,896 using Tega Cay's  
15        proposed rates and the increased interest payments using the proposed rates.

16                From a review of Tega Cay's records, ORS found that an allowance for  
17        future uncollectible accounts or bad debt expense of (\$9,161) to be appropriate for  
18        the applicant's proposed revenues. This amount is computed using the current  
19        recorded bad debt amount of (\$5,869) and the as adjusted uncollectible accounts  
20        at present rates of (\$5,909). This amount is consistent with historical records  
21        provided by Tega Cay for customer accounts that have been written off by Tega  
22        Cay as "Uncollectible Accounts." ORS adjusted uncollectible accounts at present  
23        and proposed rates are within 1.5% of service revenues.



1    **Q.    DO YOU HAVE ANY SUGGESTIONS FOR TEGA CAY TO IMPROVE**  
2            **ITS COLLECTIONS PROCESS ON DELINQUENT CUSTOMER**  
3            **ACCOUNTS?**

4            Yes. According to the information provided to ORS by Tega Cay, the  
5            Company attempts to reach delinquent customers by sending the invoice or  
6            collection notice to the customer's last known mailing or email address during the  
7            first 90 days following the invoice due date. Tega Cay's collection process does  
8            not include an attempt to reach the customer via telephone or through a collection  
9            agency until at least 90 days following the past due date. Tega Cay's  
10           uncollectible policy specifies that all accounts receivable greater than 90 days old  
11           but less than 150 days old are to be included in the allowance for doubtful  
12           accounts. In addition, accounts greater than 150 days old are written off as bad  
13           debt. This resulted in a high uncollectible rate in 2011. ORS recommends Tega  
14           Cay investigate and revise its collections process to include a more vigilant  
15           approach to the collection process.

16   **Q.    PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR**  
17            **TEGA CAY.**

18   **A.**            Tega Cay has a current performance bond for utility operations in the form  
19            of an Irrevocable Letter of Credit ("ILC") from JPMorgan Chase Bank, N.A. as  
20            surety in the amount of \$300,000 for water and \$350,000 for sewer operations.  
21            Based on the expenses from the test year and using the criteria set forth in 26 S.C.  
22            Code Ann. Regs. 103-512.3.1 and 103-712.3.1, ORS determined that the face  
23            amount of Tega Cay's bond should be \$350,000 for water operations and

1        \$350,000 for wastewater operations (Exhibit WJM-5). Tega Cay's adjusted  
2        bonding criteria expenses for the test year were \$373,368 for water operations and  
3        \$772,639 for wastewater operations. Combined bonding criteria expenses, as  
4        adjusted, totaled \$1,146,007 for the test year ending December 31, 2011. ORS  
5        respectfully requests that the Commission require Tega Cay to increase the  
6        performance bond amount for water operations to \$350,000 and to continue to  
7        maintain the current performance bond amount for wastewater operations in the  
8        amount of \$350,000 as it is in the public interest for Tega Cay to maintain a bond  
9        that satisfies the criteria as set forth in S.C. Code Ann. § 58-5-720 (Supp. 2011).

10    **Q.    ON WHAT BASIS DOES ORS MAKE DEPRECIABLE SERVICE LIFE**  
11    **RECOMMENDATIONS?**

12    A.        ORS recommendations are based on the conclusions outlined in the  
13        Florida Public Service Commission Water and Wastewater System Regulatory  
14        Law as recommended by the NARUC staff. ORS's approach and conclusions  
15        made concerning depreciation are consistent with the Public Utility Depreciation  
16        Practices manual as published by NARUC in 1996.

17    **Q.    PLEASE EXPLAIN EXHIBIT WJM-6 OF YOUR REPORT.**

18    A.        Exhibit WJM-6 is a summary of the current PSC approved rates for Tega  
19        Cay and Tega Cay's proposed rates.

20    **Q.    PLEASE DISCUSS YOUR FINDINGS RELATED TO PROTESTANTS**  
21    **CONCERN ABOUT LEAD IN TEGA CAY'S DRINKING WATER.**

22    A.        As part of the management requirement for the operation of its drinking  
23        water system, Tega Cay is required by DHEC to test its system for the presence of

1            lead at the customer's tap. The results of this testing is required to be presented to  
2            the customers on an annual basis in the Consumer Confidence Report ("CCR").  
3            The testing completed in 2011 was provided by Tega Cay to its customers in  
4            2012. See Exhibit WJM-7. Tega Cay failed its annual safe drinking water quality  
5            testing during 2011 for lead. Due to the presence of lead during the testing,  
6            DHEC required Tega Cay to test for lead for two consecutive six months periods.  
7            The first set of required testing was completed within the first six months of 2012  
8            and the lead level was below the EPA standard. The second testing is required to  
9            be completed by December 31, 2012. The results of that testing should be  
10           provided to the Commission and ORS.

11    **Q.    PLEASE DISCUSS YOUR FINDINGS RELATED TO SSOs.**

12    A.            During the ORS site inspection, the flow at the two wastewater treatment  
13            facilities inspected appeared to be normal with the exception of some suspended  
14            solids being observed in the discharge at WWTP #3 (SC0026751). Historically,  
15            Tega Cay has experienced numerous SSOs which have resulted in DHEC  
16            enforcement. See Exhibit WJM-8. DHEC Consent Order 11-004-W required  
17            Tega Cay to pay a fine of \$60,000 and to submit a Corrective Action Plan and  
18            progress reports every six months documenting the progress toward completion of  
19            the corrective actions on the wastewater systems. The cost associated with the  
20            fine and the costs associated with penalty of having to submit a Corrective Action  
21            Plan and progress reports to DHEC were removed by ORS in its calculation of  
22            Tega Cay's operational expenses.

1            Tega Cay has made progress by reducing SSOs on the collection system  
2            since its last rate case (Docket No. 2009-473-WS). ORS recommends that Tega  
3            Cay continue to complete the requirements of the most recent DHEC consent  
4            order and the Corrective Action Plan submitted to DHEC.

5    **Q.    WHAT IS ORS'S POSITION REGARDING TEGA CAY'S REQUEST TO**  
6    **ADD A LEAK MITIGATION PROGRAM?**

7    A.            Tega Cay proposes to add \$28,000 to its expenses for a Leak Mitigation  
8            Program. ORS does not support the establishment of this program. Tega Cay has  
9            neither demonstrated a purpose for this program nor provided a description of  
10           how the Leak Mitigation Program will be administered and managed. Therefore,  
11           ORS recommends that expenses for a Leak Mitigation Program be excluded from  
12           Tega Cay's expenses as these expenses have not been incurred.

13   **Q.    PLEASE DISCUSS YOUR FINDINGS RELATED TO THE REVIEW OF**  
14   **CERTAIN INVOICES DURING THE AUDIT PROCESS.**

15   A.            Tega Cay provided copies of invoices to ORS to support expenses and  
16            capital expenditures as outlined in the Application. ORS found that many  
17            invoices did not provide sufficient location information for which the equipment  
18            was purchased or service rendered. In addition, the invoices were not identified  
19            listing Tega Cay or a service location for Tega Cay. In some instances,  
20            equipment or parts for the Company were shipped from the vendor to an office in  
21            West Columbia in lieu of a nearby location in York County. This method of  
22            handling shipments adds to transportation costs and complicates the ORS review  
23            process. The review process is further complicated when invoices are not clearly

1            identified by Tega Cay or its parent company, Utilities, Inc., which operates four  
2            other related companies in South Carolina and many other entities in other states.  
3            Tega Cay should be required to clearly demonstrate on each invoice the service  
4            address and/or Company receiving the service equipment and/or where service is  
5            rendered. The Company name must be included on each invoice for which Tega  
6            Cay is seeking recovery of through this rate proceeding.

7    **Q.    PLEASE DISCUSS YOUR FINDINGS RELATED TO THE REVIEW OF**  
8    **ASSET RETIREMENTS DURING THE AUDIT PROCESS.**

9    A.            Tega Cay is not recording asset retirements adequately. For example, in  
10            2011, Tega Cay replaced pumps at lift station #5, but did not include the old  
11            pumps as retirements in its books and records. Mr. Patrick C. Flynn states on  
12            page 3, lines 16 through 18, of his testimony that assets were replaced for its  
13            water distribution system since the last rate case. However, Tega Cay recorded  
14            no retirements in 2009 for its water or sewer service and only limited assets were  
15            retired in other years. ORS recommends that Tega Cay properly record asset  
16            retirements.

17   **Q.    DOES THAT CONCLUDE YOUR TESTIMONY?**

18   A.            Yes it does.



### **ORS BUSINESS OFFICE COMPLIANCE REVIEW**

Utility: **Tega Cay Water Service, Inc.**  
 Inspector: **Willie Morgan, P.E.**  
 Docket: **2012-177-WS**  
 Office: **Corporate: 2335 Saunders Road, Northbrook, IL 60062; Local Office: 151 Old Wire Road, West Columbia**  
 Utility Type: **Water and Wastewater Utility**  
 Date: **08/14/2012-11/21/2012**  
 Company Representative: **Erin Aquilino/Nicole Winans/Patrick Flynn/Karen Sasic/Kirsten Markwell**

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510 and R. 103-710.	<b>X</b>		Customers can contact call centers to receive copies of records.
2	Complaint records maintained in accordance with R.103-516 and R. 103-716.	<b>X</b>		All customer complaints are input into Tega Cay database which tracks service orders, complaint types and related resolutions.
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530 and R.103-730.	<b>X</b>		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the Commission and that the customer has the right to register the complaint in accordance with R.103-530 and R. 103-730.	<b>X</b>		
5	Deposits charged within the limits established by R.103-531 and R. 103-731.	<b>X</b>		
6	Timely and accurate bills being rendered to customers in accordance with R.103-532 and R.103-732.	<b>X</b>		Tega Cay bills for monthly service in arrears.

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
7	Bill forms in accordance with R.103-532 and R.103-732.		<b>X</b>	Bill form is clear with adequate after-hours emergency contact information. However, the bill form does not show the applicable rate schedule or contain a statement to the effect that the applicable rate schedule will be furnished on request.
8	Adjustments of bills handled in accordance with R.103-533 and 103-733.	<b>X</b>		Invoice adjustments are compliant with R.103-533 and 103-733.
9	Policy for customer denial or discontinuance of service in accordance with R.103-535 and 103-735.	<b>X</b>		Deferred payment plan and payment extension agreement available to all customers.
10	Notices sent to customers prior to termination in accordance with R.103-535 and 103-735.	<b>X</b>		Proper notice procedure is in place. No sewer disconnect notices issued in test year.
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514-C and 103-714-C.	<b>X</b>		
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530 and 103-730.	<b>X</b>		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514 and 103-714.	<b>X</b>		
14	Utility advised the Commission, in accordance with Rule 103-512.2 and 103-712.2 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, emergencies during non-office hours.	<b>X</b>		
15	Company verified the maps on file with the Commission include all the service area of the company.	<b>X</b>		
16	Number of customers the company has at present time.	<b>NA</b>	<b>NA</b>	As of 12/31/2011, Tega Cay provided service to 1,739 water and 1,716 sewer customers.

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
17	Company has a current performance bond on file with the Commission. Combined Amount of bond: <b>\$650,000</b>		<b>X</b>	Tega Cay currently has an irrevocable letter of credit (ILC) on file with the PSC/ORS. The stated bond amount is \$300,000 for water service and \$350,000 for sewer service. Bond amount should be increased to \$700,000 as recommended by ORS.
18	Company has a current annual report on file with the Office of Regulatory Staff.	<b>X</b>		Received 05/1/2012
19	Company has paid annual Gross Receipts assessment.	<b>X</b>		Current filing and payment made.





## **ORS WASTEWATER SYSTEM INSPECTION REPORT**

### **Inspection Overview:**

<b>Date Inspected:</b>	10/25/2012
<b>Inspector Name:</b>	Willie Morgan & Chad Campbell
<b>Docket Number:</b>	2012-177-WS
<b>Utility Name:</b>	Tega Cay Water Service, Inc. (WWTF #2)
<b>Utility Representative:</b>	Mike Davis, Mac Mitchell, Patrick Flynn, James Medford
<b>Number of Customers:</b>	1716 combined with WWTF #3
<b>System Type (collection, force main, lagoon, etc):</b>	Collection, force main, treatment in tanks
<b>Location of System:</b>	Tega Cay, SC
<b>Location of Utility Office:</b>	151 Old Wire Road, West Columbia, SC 29172
<b>Treatment Type:</b>	Biological treatment in tanks
<b>Permit #:</b>	SC0026743
<b>Last SC DHEC Compliance Rating:</b>	Unsatisfactory – 9/8/2010
<b>Frequency checked by WWTF Operator:</b>	Daily
<b>Drinking Water Provider:</b>	Tega Cay Water Service, Inc.

### **Inspection Results**

	<b>System Components Inspected</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
<b>1</b>	Chlorinator			N/A
<b>2</b>	Other chemicals in use			N/A
<b>3</b>	Aerators/Blowers present	<b>X</b>		
<b>4</b>	Plant fenced and locked	<b>X</b>		
<b>5</b>	Warning Signs Visible	<b>X</b>		
<b>6</b>	Fence in good condition	<b>X</b>		
<b>7</b>	Dikes in good condition			N/A
<b>8</b>	Odor non-existent or limited	<b>X</b>		
<b>9</b>	Grass mowed	<b>X</b>		
<b>10</b>	Duckweed/Algae acceptable	<b>X</b>		None present
<b>11</b>	Grease build-up acceptable	<b>X</b>		
<b>12</b>	Plant free of debris	<b>X</b>		
<b>13</b>	Effluent Color acceptable	<b>X</b>		
<b>14</b>	Lift Stations present	<b>X</b>		7 lift stations on collection system with one at plant
<b>15</b>	Failure Warning System adequate	<b>X</b>		
<b>16</b>	Electric Wiring adequate	<b>X</b>		
<b>17</b>	System free of leaks	<b>X</b>		
<b>18</b>	System free of overflows	<b>X</b>		
<b>19</b>	Access road adequate	<b>X</b>		
<b>20</b>	Ability for service area to expand	<b>X</b>		

**Additional Comments:** System is capable of handling the capacity needs of the service area. Sign with utility contact information was not present on exterior fence to wastewater treatment plant.



## **ORS WASTEWATER SYSTEM INSPECTION REPORT**

### **Inspection Overview:**

<b>Date Inspected:</b>	10/25/2012
<b>Inspector Name:</b>	Willie Morgan & Chad Campbell
<b>Docket Number:</b>	2012-177-WS
<b>Utility Name:</b>	Tega Cay Water Service, Inc. (WWTF #3)
<b>Utility Representative:</b>	Mike Davis, Mac Mitchell, Patrick Flynn, James Medford
<b>Number of Customers:</b>	1716 combined with WWTF #2
<b>System Type (collection, force main, lagoon, etc):</b>	Collection, force main, treatment in tanks
<b>Location of System:</b>	Tega Cay, SC
<b>Location of Utility Office:</b>	151 Old Wire Road, West Columbia, SC 29172
<b>Treatment Type:</b>	Biological treatment in tanks
<b>Permit #:</b>	SC0026751
<b>Last SC DHEC Compliance Rating:</b>	Unsatisfactory – 9/8/2010
<b>Frequency checked by WWTF Operator:</b>	Daily
<b>Drinking Water Provider:</b>	Tega Cay Water Service, Inc.

### **Inspection Results**

	<b>System Components Inspected</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
<b>1</b>	Chlorinator			N/A
<b>2</b>	Other chemicals in use			N/A
<b>3</b>	Aerators present	<b>X</b>		
<b>4</b>	Plant fenced and locked	<b>X</b>		
<b>5</b>	Warning Signs Visible	<b>X</b>		
<b>6</b>	Fence in good condition	<b>X</b>		
<b>7</b>	Dikes in good condition			N/A
<b>8</b>	Odor non-existent or limited	<b>X</b>		
<b>9</b>	Grass mowed	<b>X</b>		
<b>10</b>	Duckweed/Algae acceptable	<b>X</b>		None present
<b>11</b>	Grease build-up acceptable	<b>X</b>		
<b>12</b>	Plant free of debris	<b>X</b>		
<b>13</b>	Effluent Color acceptable		<b>X</b>	Solids present in effluent
<b>14</b>	Lift Stations present	<b>X</b>		12 lift stations on collection system with one at plant
<b>15</b>	Failure Warning System adequate	<b>X</b>		
<b>16</b>	Electric Wiring adequate	<b>X</b>		
<b>17</b>	System free of leaks	<b>X</b>		
<b>18</b>	System free of overflows	<b>X</b>		
<b>19</b>	Access road adequate	<b>X</b>		
<b>20</b>	Ability for service area to expand	<b>X</b>		

**Additional Comments:** System is capable of handling the capacity needs of the service area. The weather was clear with a high of approximately 80 degrees.



## **ORS WATER SYSTEM INSPECTION REPORT**

### **Inspection Overview**

**Date Inspected:** 10/25/2012  
**Inspector Name:** Willie Morgan & Chad Campbell  
**Docket Number:** 2012-177-WS  
**Utility Name:** Tega Cay Water Service, Inc.  
**Utility Representative:** Mike Davis, Mac Mitchell, Patrick Flynn, James Medford  
**Number of Customers:** 1739  
**System Type (distribution, well, etc):** Distribution only  
**Location of System:** Tega Cay, SC  
**Location of Utility Office:** 151 Old Wire Road, West Columbia, SC 29172  
**Treatment Type:** N/A  
**Permit #:** 4650005  
**Last SC DHEC Compliance Rating:** Satisfactory – 11/21/2011  
**Frequency checked by Licensed Operator:** Daily  
**Wastewater Provider:** Tega Cay Water Service, Inc.

### **Inspection Overview**

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
<b>1</b>	Well Sites				<b>7</b>			<b>Not in operation</b>
<b>2</b>	Pump Houses				<b>7</b>			<b>Not in operation</b>
<b>3</b>	Storage Tank	Pressurized						<b>N/A</b>
<b>3a</b>	Storage Tank	Non-Pressurized						<b>N/A</b>
<b>3b</b>	Storage Tank	Overhead	<b>1</b>		<b>250k</b>	<b>X</b>		
<b>4</b>	Chlorinator							<b>N/A</b>
<b>5</b>	Other Chemicals in use							<b>N/A</b>
<b>6</b>	Meters				<b>1739</b>	<b>X</b>		
<b>7</b>	Fire Hydrants				<b>82</b>	<b>X</b>		
<b>8</b>	Electrical Wiring acceptable					<b>X</b>		
<b>9</b>	Piping acceptable					<b>X</b>		
<b>10</b>	System free of leaks					<b>X</b>		
<b>11</b>	Access road adequate					<b>X</b>		
<b>12</b>	Ability for service area to expand					<b>X</b>		<b>Designed to serve completed area</b>

**Additional Comments:** Water is purchased from York County Public Works. Meters are located on flushing points at old well locations.

## TEGA CAY WATER SERVICE, INC.

EXHIBIT WJM-3

2012-177-WS

## SERVICE REVENUE IMPACT

FOR THE TEST YEAR ENDING DECEMBER 31, 2011

## Water and Sewer Revenue Overview for Test Year Ending December 31, 2011

Bill Pro	Customer Classification	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues
48501	5/8" Res Water	100,101,151	\$2.06	20,460	\$8.71	\$384,415
48502	5/8" Comm Water	460,650	\$2.06	180	\$8.71	\$2,517
48505	1" Comm Water	316,420	\$2.06	84	\$8.71	\$1,383
48506	2" Comm Water	573,900	\$2.06	396	\$8.71	\$4,631
48540	Hydrant Rental Water (4)			984	\$9.77	\$9,613
	<b>Water Service Total</b>	<b>101,452,121</b>		<b>22,104</b>		<b>\$402,559</b>
48521	5/8" Res Sewer			20,448	\$39.06	\$798,699
48522	5/8" Comm Sewer			84	\$39.06	\$3,281
48523	1" Comm Sewer			24	\$39.06	\$937
48524	2" Comm Sewer			396	\$39.06	\$15,468
	<b>Sewer Service Total</b>			<b>20,952</b>		<b>\$818,385</b>
	<b>Total Water and Sewer Service Revenues</b>					<b>\$1,220,944</b>
	<b>Miscellaneous Revenues</b>					\$25,383
	<b>Miscellaneous Revenues - Other (2)</b>					\$827
	<b>Miscellaneous Revenue - Tap Fees (non-CIAC portion)</b>					\$3,600
	<b>Total Miscellaneous Revenues</b>					<b>\$29,810</b>
	<b>Uncollectible Accounts</b>					<b>(\$5,909)</b>
	<b>Total Operating Revenues - Pro Forma Present</b>					<b>\$1,244,845</b>

## Water and Sewer Revenue Overview for Test Year Ending December 31, 2011 Using Proposed Rates

Bill Pro	Customer Classification	Consumption in Gallons	Proposed Usage Charge per 1,000 gallons	Service Units	Proposed Base Facility Charge (BFC)	Proposed Calculated Revenues (1)	Increase Amount	% Increase
48501	5/8" Res Water	100,101,151	\$2.75	20,460	\$11.85	\$517,729	\$133,314	34.68%
48502	5/8" Comm Water	460,650	\$2.75	180	\$11.85	\$3,400	\$883	35.08%
48505	1" Comm Water	316,420	\$2.75	84	\$11.85	\$1,866	\$483	34.92%
48506	2" Comm Water	573,900	\$2.75	396	\$11.85	\$6,271	\$1,640	35.41%
48540	Hydrant Rental Water (4)			984	\$11.29	\$11,109	\$1,496	15.56%
	<b>Water Service Total</b>	<b>101,452,121</b>		<b>22,104</b>		<b>\$540,375</b>	<b>\$137,816</b>	<b>34.23%</b>
48521	5/8" Res Sewer			20,448	\$65.19	\$1,333,005	\$534,306	66.90%
48522	5/8" Comm Sewer			84	\$65.19	\$5,476	\$2,195	66.90%
48523	1" Comm Sewer			24	\$65.19	\$1,565	\$628	67.02%
48524	2" Comm Sewer			396	\$65.19	\$25,815	\$10,347	66.89%
	<b>Sewer Service Total</b>			<b>20,952</b>		<b>\$1,365,861</b>	<b>\$547,476</b>	<b>66.90%</b>
	<b>Total Water and Sewer Service Revenues</b>					<b>\$1,906,236</b>	<b>\$685,292</b>	<b>56.13%</b>
	<b>Miscellaneous Revenues (1)</b>					\$28,469	\$3,086	12.16%
	<b>Miscellaneous Revenues - Other (2)</b>					\$827	\$0	0.00%
	<b>Miscellaneous Revenue - Tap Fees (non-CIAC portion)</b>					\$3,600	\$0	0.00%
	<b>Total Miscellaneous Revenues</b>					<b>\$32,896</b>	<b>\$3,086</b>	<b>10.35%</b>
	<b>Uncollectible Accounts (3)</b>					<b>(\$9,161)</b>	<b>(\$3,252)</b>	<b>55.04%</b>
	<b>Total Operating Revenues - Pro Forma Proposed</b>					<b>\$1,929,971</b>	<b>\$685,126</b>	<b>55.04%</b>

(1) "Miscellaneous Revenues" are increased due to late payment fee increases resulting from the proposed rates requested by Tega Cay.

(2) "Miscellaneous Revenues - Other" is added by ORS to account for Tega Cay's revenue received from a 3rd party vendor, Home Service, for the use of Tega Cay customer information to market a product to provide insurance for repairs that may be required on customer-owned piping.

(3) ORS revenue calculations for "Uncollectible Accounts" incorporated the proposed rates requested by Tega Cay.

(4) The approved tariff rate for fire hydrant is \$117.23 per hydrant per year for water service. The amount requested by Tega Cay is \$135.48 per hydrant per year for water service. The base facility charge for hydrants in Exhibit WJM-3 equals the yearly rate divided by 12 months.

**Tega Cay Water Service, Inc.**  
**Docket No. 2012-177-WS**  
**Customer Growth Analysis**

**Exhibit WJM-4**

<b>Date</b>	<b>Water Customers</b>	<b>Sewer Customers</b>	<b>Total Customers</b>
1/1/2011	1,728	1,707	3,435
12/31/2011	1,739	1,716	3,455
Average	1,734	1,712	3,446

**Growth Factor for Water**

<b>Date</b>	<b># of Customers</b>	
12/31/2011	1,739	
Average	1,734	
Growth Factor	0.0028835	0.28835%

**Growth Factor for Sewer**

<b>Date</b>	<b># of Customers</b>	
12/31/2011	1,716	
Average	1,712	
Growth Factor	0.0023364	0.23364%

**Growth Factor for Combined Operations**

<b>Date</b>	<b># of Customers</b>	
12/31/2011	3,455	
Average	3,446	
Growth Factor	0.0026117	0.26117%

**TEGA CAY WATER SERVICE, INC.**  
**DOCKET NO. 2012-177-WS**  
**PERFORMANCE BOND INFORMATION**

**Exhibit WJM-5**

<b>Tega Cay Water Service, Inc. - Water</b>			
<b>Bond Value Components</b>	<b>Application Per Books</b>	<b>After Accounting &amp; Pro Forma Adjustments</b>	<b>After Applicant's Proposed Increase</b>
Maintenance Expenses	\$119,042	\$114,863	\$114,863
General Expenses	\$177,458	\$153,712	\$153,712
Taxes Other Than Income	\$98,049	\$94,322	\$95,610
Income Taxes - State & Federal	\$88,767	\$10,603	\$62,751
Interest During Construction	(\$9,893)	\$0	\$0
Interest Expense	\$87,569	(\$132)	(\$132)
<b>Bond Value Requirement</b>	<b>\$560,992</b>	<b>\$373,368</b>	<b>\$426,804</b>
<b>Tega Cay Water Service, Inc. - Wastewater</b>			
<b>Bond Value Components</b>	<b>Application Per Books</b>	<b>After Accounting &amp; Pro Forma Adjustments</b>	<b>After Applicant's Proposed Increase</b>
Maintenance Expenses	\$404,050	\$418,604	\$418,604
General Expenses	\$235,272	\$151,819	\$151,819
Taxes Other Than Income	\$96,840	\$96,984	\$102,106
Income Taxes - State & Federal	\$87,674	(\$32,481)	\$174,981
Interest During Construction	(\$9,771)	\$0	\$0
Interest Expense	\$86,490	\$137,713	\$137,713
<b>Bond Value Requirement</b>	<b>\$900,555</b>	<b>\$772,639</b>	<b>\$985,223</b>
<b>Tega Cay Water Service, Inc. - Combined</b>			
<b>Bond Value Components</b>	<b>Application Per Books</b>	<b>After Accounting &amp; Pro Forma Adjustments</b>	<b>After Applicant's Proposed Increase</b>
Maintenance Expenses	\$523,092	\$533,467	\$533,467
General Expenses	\$412,730	\$305,531	\$305,531
Taxes Other Than Income	\$194,889	\$191,306	\$197,716
Income Taxes - State & Federal	\$176,441	(\$21,878)	\$237,732
Interest During Construction	(\$19,664)	\$0	\$0
Interest Expense	\$174,059	\$137,581	\$137,581
<b>Bond Value Requirement</b>	<b>\$1,461,547</b>	<b>\$1,146,007</b>	<b>\$1,412,027</b>
<b>Current Performance Bond Structure (1)</b>	<b>Bond Value</b>	<b>Expiration Date</b>	
JPMorgan Chase Bank, NA Irrevocable Letter of Credit (CTCS-314813)	\$650,000	Auto Renewal	
<b>Total Financial Assurance</b>	<b>\$650,000</b>		

(1) Letter of Credit secures performance bond of \$300,000 for water operations and \$350,000 for wastewater operations.

**TEGA CAY WATER SERVICE, Inc.**  
**Docket No. 2012-177-WS**  
**Rates Overview**

**Exhibit WJM-6**

**I. WATER**

Current

Proposed

**1. CHARGE FOR WATER DISTRIBUTION ONLY**

Where water is purchased from a government body or agency or other entity for distribution by the Company, the following rates apply:

**Residential**

Basic Facilities Charge per single family house, condominium, mobile home or apartment unit:

\$8.71 per unit\*

\$11.85 per unit\*

Commodity charge:

\$2.06 per 1,000  
gallons or 134 cft

\$2.75 per 1,000  
gallons or 134 cft

\*Residential customers with meters of 1" or larger will be charged commercial rate

**Commercial**

Basic Facilities Charge

\$8.71 per single  
family equivalent  
(SFE)

\$11.85 per single  
family equivalent  
(SFE)

Commodity charge:

\$2.06 per 1,000  
gallons or 134 cft

\$2.75 per 1,000  
gallons or 134 cft

The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

**TEGA CAY WATER SERVICE, Inc.**  
**Docket No. 2012-177-WS**  
**Rates Overview**

**Exhibit WJM-6**

**I. WATER (continued)**

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

**2. Nonrecurring Charges**

Tap Fees	\$600 per SFE*	\$600 per SFE*
----------	----------------	----------------

**3. Account Set-Up and Reconnection Charges**

a.	Customer Account Charge - for new customers only	
	\$30.00	\$30.00

b.	Reconnection Charges:	\$40.00	\$40.00
----	-----------------------	---------	---------

In addition to any other charges that may be due, a reconnection fee of Forty dollars (\$40.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

**4. Other Services**

Fire Hydrant -	\$117.23 per hydrant	\$135.48 per hydrant
----------------	----------------------	----------------------

per year for water service payable in advance.

Current tariff language: Any water used should be metered and the commodity charge in Section One (1) above will apply to such usage.



I. WATER (continued)

5. Billing Cycle / Late Payment

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided. Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1.5%) percent for each month or any party of a month that said payment remains unpaid.

6. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

7. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F, as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F, as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30<sup>th</sup> of each year. If a customer fails to comply with the requirement to perform annual inspections, the utility may, after 30 days' written notice, disconnect water service. The Utility will provide customers a 30-day advance written notice of the recurring annual date when the customer must have their backflow prevention device tested by a licensed, certified tester.

**8. Electronic Billing and Electronic Payment**

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.2 as may be amended from time to time. The Utility will provide customers a monthly electronic notice via email of the bill statement availability and the web address of its location to those customers selecting to receive bills electronically.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**TEGA CAY WATER SERVICE, Inc.**  
**Docket No. 2012-177-WS**  
**Rates Overview**

**Exhibit WJM-6**

**II. SEWER**

	Current	Proposed
1. Monthly Charges		
Residential - charge per single-family house, condominium, villa, mobile home or apartment unit:	\$39.06 per unit	\$65.19 per unit
Commercial:	\$39.06 per SFE*	\$65.19 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Nonrecurring Charges		
Tap Fees (which includes sewer service connection charges and capacity charges)	\$1,200.00 per SFE*	\$1,200.00 per SFE*

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

**TEGA CAY WATER SERVICE, Inc.**  
**Docket No. 2012-177-WS**  
**Rates Overview**

**Exhibit WJM-6**

II. SEWER (continued)

Current

Proposed

3. Notification, Account Set-Up and Reconnection Charges

a.	Notification Fee	\$15.00	\$15.00
----	------------------	---------	---------

A fee of fifteen (\$15.00) dollars shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b.	Customer Account Charge – for new customers only.	\$25.00	\$25.00
----	------------------------------------------------------	---------	---------

A fee of twenty-five (\$25.00) dollars shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

c.	Reconnection Charges:	\$250.00	\$250.00
----	-----------------------	----------	----------

In addition to any other charges that may be due, a reconnection fee of two hundred fifty (\$250.00) dollars shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4.

4. Billing Cycle

Recurring charges will be billed monthly, in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

II. SEWER (continued)

6. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

7. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-532.1 as may be amended from time to time. The Utility will provide customers a monthly electronic notice via email of the bill statement availability and the web address of its location to those customers selecting to receive bills electronically.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities --25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**Tega Cay Water Service, Inc.**  
System I.D. # 4650005

## Your Annual Water Report

We are pleased to provide you with the 2011 Water Quality Report. This report is designed to inform you of the quality of water we delivered to you over the past year. Our goal is to provide you a safe and dependable supply of drinking water.

We purchase water from York County, which purchases water from the City of Rock Hill and Charlotte Mecklenburg Utilities. The City of Rock Hill draws surface water from Lake Wylie.

The South Carolina Department of Health & Environmental Control (DHEC) has completed the Source Water Assessment Plan (SWAP) for the City of Rock Hill. The relative susceptibility rating of each source was ranked as having high, moderate and low susceptibility. The rating is determined by identifying potential pollution sources near each water source. It is important to understand that a susceptibility rate of "high" does not imply poor water quality, only the systems' potential to become contaminated by potential pollution sources in the assessment area. The Source Water Assessment Plan is available for your review at <http://www.scdhec.gov/environment/water/srcewtrreports.htm>. If you do not have Internet access, please contact Mr. Mac Mitchell with Tega Cay Water Service, Inc. at (800) 272-1919 to make arrangements to review this document.



### *The Process of Delivering Your Water*

Your water is disinfected through a chlorination process to ensure the water is microbiologically safe (free from bacteria, viruses, and protozoan parasites). It is important to note that all drinking water contains some naturally occurring contaminants that are not harmful to our health. In fact, some minerals provide low levels of nutritional value and actually improve the taste of drinking water. After the drinking water has been thoroughly treated at the water treatment facility, we deliver it to homes and businesses through an underground network of pipes.

Individual homes use service lines to tap into larger, underground water main lines. The water is then passed through a water meter—either inside or outside the home—so that the amount of water the household uses can be accurately calculated flow throughout your home.

### Message From Lisa Sparrow, President and CEO

Dear Tega Cay Customers,

We have made some exciting changes in the format of the Annual Water Report this year. The report will provide you with useful conservation tips, some 'good to know' facts about your water service, complete definitions of the key measures used to assess water quality as well as the critical data itself.

**I am proud to share this report which is based on water quality testing through December 2011. We continually strive to supply water that meets or exceeds all federal and state water quality regulations.**

We are committed to providing safe, reliable and cost effective service to our customers; a safe, challenging and enjoyable work environment for our employees; and a fair return for our shareholders, all with the underlying commitment to act with integrity, protect the environment, and enhance the communities we serve.

The result of that commitment is a team of water quality experts who make it their job to see that our customers are our top priority and to provide you with the highest quality drinking water and service now and in the years to come.

Best regards,

**GO  
GREEN**



Sign up for e-billing now at [www.uiwater.com](http://www.uiwater.com)

**The Safe Drinking Water Act** was passed in 1974 due to congressional concerns about organic chemical contaminants in drinking water and the inefficient manner by which states supervised and monitored drinking water supplies. Congress' aim was to assure that all citizens served by public water systems would be provided high quality water. As a result, the EPA set enforceable standards for health-related drinking water contaminants. The Act also established programs to protect underground sources of drinking water from contamination.

### **EPA Wants You To Know:**

The sources of drinking water; both tap water and bottled water; include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and may pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- (i) Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- (ii) Inorganic contaminants, such as salts and metals, that may be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- (iii) Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- (iv) Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and may also come from gas stations, urban stormwater runoff, and septic systems.
- (v) Radioactive contaminants, which may be naturally-occurring or be the result of oil and gas production and mining activities.

To ensure that tap water is safe to drink, U.S. EPA prescribes regulations that limit the amount of certain contaminants in water provided by public water systems. U.S. FDA regulations establish limits for contaminants in bottled water that shall provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects may be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline at 800-426-4791.

**Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline (800-426-4791).**

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Tega Cay Water Service, Inc. is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

The Environmental Protection Agency requires monitoring of over 80 drinking water contaminants. Those contaminants listed in the tables below are the only contaminants detected in your drinking water.

Este informe contiene información muy importante sobre su agua beber. Tradúzcalo ó hable con alguien que lo entienda bien.



**We ask that all our customers help us protect our water sources which are the heart of our community, our way of life and our children's future.**

### **Something you should know!**

In response to heightened security concerns around the nation's water supply, we have implemented additional security measures to ensure the safety of its systems and treatment centers. In addition to our secure facilities, we also use less hazardous raw chemicals during the treatment process.

#### **FIX THAT LEAKY FAUCET OR TOILET!!**

Leaks can account for, on average, 10,000 gallons of water wasted in the home every year, which is enough to fill a backyard swimming pool!



### **With summer approaching...**

To maintain a healthy lawn, water no more than every 3 to 5 days in the summer and 10 to 14 days in the winter.

To prevent water loss from evaporation, water your lawn in the early morning, late afternoon, or evening. Avoid watering when it is windy.

Use a broom, rather than a hose, to clean sidewalks and driveways.

If you have a swimming pool, cover it when it's not in use. You'll cut the loss of water through evaporation by 90 percent.

**Understanding This Report:**

In order to help you understand this report, we want you to understand a few terms and abbreviations that are contained in it.

- **Action level (AL)** - Action level is the concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.
- **EPA** - Environmental Protection Agency
- **Maximum contaminant level (MCL)** - The maximum contaminant level is the highest level of a contaminant that is allowed in drinking water. MCL's are set as close to the MCLG's as feasible using the best available treatment technology.
- **Maximum contaminant level goal (MCLG)** - The "goal" is the level of a contaminant in drinking water below which there is no known or expected health risk. MCLG's allow for a margin of safety.
- **Maximum Residual Disinfectant Level (MRDL)** - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
- **Maximum Residual Disinfectant Level Goal (MRDLG)** - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
- **N/A** - This means not applicable for this item.
- **ND** - This means not detected and indicates that the substance was not found by laboratory analysis.
- **Parts per million (ppm) or milligrams per liter (mg/l)** - One part per million corresponds to one minute in two years or a single penny in \$10,000.
- **Parts per billion (ppb) or micrograms per liter** - One part per billion corresponds to one minute in 2,000 years or a single penny in \$10,000,000.
- **Running Annual Average (RAA)** - Calculated running annual average of all contaminant levels detected.
- **Treatment Technique (TT)** - A treatment technique is a required process intended to reduce the level of a contaminant in drinking water.

Tega Cay Water Service, Inc. routinely monitor your drinking water according to Federal and State laws. The table below lists the drinking water substances that we detected in the last round of sampling for the particular contaminant group. The presence of contaminants does not necessarily indicate that water poses a health risk. Based on certain criteria, some systems may be allowed to monitor for regulated contaminants less often than once a year. In this case, the table will include the date and results of the most recent sampling.

**If You Have Questions Or Want To Get Involved?**

Tega Cay Water Service, Inc. does not have regularly scheduled meetings. Please contact our Customer Service Department at (800) 272-1919 should you have any questions. We ask that all our customers help us protect our water sources which are the heart of our community, our way of life and our children's future.

**Water Quality Test Results**

TEST RESULTS								
Contaminant	Violation Y/N	Date Collected	Level Detected	Range of Detects or # of Samples Exceeding MCL/AL	Unit of Measurement	MCLG	MCL	Likely Source of Contamination
<b>Inorganic Contaminants</b>								
Copper (90th percentile)	N	2011	0.065	0	ppm	1.3	AL=1.3	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives.
Fluoride (Rock Hill)	N	2011	0.7	0	ppm	4	4	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer & aluminum factories.
Lead (90th percentile)	Y	2011	28	3	ppb	0	AL=15	Corrosion of household plumbing systems, erosion of natural deposits.
Nitrate (as Nitrogen) (Rock Hill)	N	2011	0.31	0	ppm	10	10	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits.

Utility personnel is working with the wholesale water provider and flushing the distribution system. Sampling will be conducted in accordance with EPA requirements for two consecutive six-month periods. If sampling analysis is within acceptable levels during these sampling events, the system will be eligible for reduced sampling. If not, further steps will be taken to lower the lead.

*Infants and young children are typically more vulnerable to lead in drinking water than the general population. It is possible that lead levels at your home may be higher than at other homes in the community as a result of materials used in your home's plumbing. If you are concerned about elevated lead levels in your home's water, you may wish to have your water tested and flush your tap for 30 seconds to 2 minutes before using tap water. Additional information is available from the Safe Drinking Water Hotline (1-800-426-4791). Infants and children who drink water containing lead in excess of the action level could experience delays in their physical or mental development. Children could show slight deficits in attention span and learning abilities. Adults who drink this water over many years could develop kidney problems or high blood pressure.*



BOARD:  
Paul C. Aughtry, III  
Chairman  
Edwin H. Cooper, III  
Vice Chairman  
Steven G. Kisner  
Secretary

Tega Cay Water Service, Inc.  
Docket No. 2012-177-WS

Exhibit WJM-8



C. Earl Hunter, Commissioner

*Promoting and protecting the health of the public and the environment*

BOARD:  
Henry C. Scott  
M. David Mitchell, MD  
Glenn A. McCall  
Coleman F. Buckhouse, MD

February 16, 2011

Via Electronic Mail and CERTIFIED MAIL 91 7108 2133 3938 7370 2526

Tega Cay Water Service, Inc.  
200 Weathersfield Ave.  
Altamonte Springs, FL 32714-4027  
Attention: Patrick Flynn

RE: Consent Order 11-004-W  
Tega Cay Water Service, Inc  
WWTF #2 NPDES Permit SC0026743  
WWTF # 3 & # 4 NPDES Permit SC0026751  
York County

Dear Mr. Flynn:

Enclosed, please find a copy of the fully executed Consent Order 11-004-W affecting the referenced facilities. The Order is considered executed on February 16, 2011.

Please be aware of the scheduled completion dates outlined on pages seven (7) and eight (8) of the Order. You may reach me at (803) 898-4181 or by email at [wisepf@dhec.sc.gov](mailto:wisepf@dhec.sc.gov), if you have questions or need additional information.

Sincerely,

Paul F. Wise  
Water Pollution Enforcement Section  
Bureau of Water

Enclosure

cc: via electronic mail  
Harry Mathis, Region 3, Columbia

**THE STATE OF SOUTH CAROLINA  
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

---

**IN RE: TEGA CAY WATER SERVICE, INC.  
TEGA CAY WWTF #2 – PERMIT # SC0026743  
TEGA CAY WWTF #3 & #4 – PERMIT # SC0026751  
YORK COUNTY**

---

**CONSENT ORDER  
11-004-W**

---

Tega Cay Water Service, Inc. (Respondent) owns and is responsible for the proper operation and maintenance of Tega Cay wastewater treatment facilities (WWTF) #2, Tega Cay WWTF #3 and #4, and the associated wastewater collection systems (WWCS) and all appurtenances, serving the customers in their service areas in York County, South Carolina.

The Department and Respondent concur that in the interest of resolving this matter without delay and expense of litigation, Respondent agrees to the entry of this Consent Order, but neither agrees with nor admits the Findings of Fact or the Conclusions of Law; and therefore, agrees that this Order shall be deemed an admission of fact and law only as necessary for enforcement of this Order by the Department or subsequent actions relating to Respondent by the Department.

**FINDINGS OF FACT**

**Tega Cay WWTF # 2:**

1. The Respondent owns and is responsible for the proper operation and maintenance of Tega Cay WWTF #2, located on Lake Wylie approximately four tenths (0.4) miles west of Secondary Road #99 and one (1) mile north of the intersection of Secondary Roads #30 and 196 and the associated WWCS that serves the customers of its service area in York County,

South Carolina.

2. The Department reissued NPDES Permit SC0026743 to the Respondent, authorizing the Respondent to discharge treated wastewater to the main channel of Lake Wylie in accordance with effluent limitations, monitoring requirements and other conditions set forth therein. The Permit contains a compliance schedule to upgrade the WWTF to meet total phosphorous effluent limits by August 1, 2008.
3. On September 30, 2009, the Respondent entered into Consent Order 09-042-W, in settlement of violations of the NPDES Permit for failure to comply with the compliance schedule to upgrade the WWTF to meet total phosphorous effluent limits, for discharging untreated wastewater from sewer collection system overflows (SSOs) into the environment, including Lake Wylie, and for failure to report the overflows. The Respondent agreed to upgrade the WWTF to meet phosphorous limits. The Respondent completed the upgrade in June 2010.
4. The Respondent reported violations of the effluent discharge limit for total phosphorous on discharge monitoring reports (DMRs) submitted for the July and August 2010 monitoring periods.
5. Comments provided on the July 2010 DMR stated, “[P]hosphorous upgrade is complete. As of 8/17/10 we have implemented changes in chemical feed rate recommended by the design engineer and the chemical vendor.”
6. Comments provided on the August 2010 DMR stated, “Total phosphorous excursion [was] due to still learning to properly adjust chemical feed levels. Samples taken on 8/10[/10] and 8/26[/10] were below permits limits with 0.35 and 0.36 mg/l.”
7. The Respondent reported a violation of the effluent discharge limit for total phosphorous on

the DMR submitted for the September 2010 monitoring period. Comments provided on the DMR stated “Continuing to adjust total phosphorous treatment in an effort to reach permit limits. Levels reported this month are lower than last month and trending downward.”

8. On October 21, 2010, Department staff issued a Notice of Violation (NOV) to the Respondent for the total phosphorous violations reported during the July and August monitoring periods. A response was not required since explanations for the violations were provided on the DMRs.
9. The Respondent reported a violation of the effluent discharge limit for total phosphorous on the DMR submitted for the October 2010 monitoring period. Comments provided on the DMR stated “Continuing to adjust total phosphorous treatment in an effort to reach permit limits. Levels reported this month are lower than last month and trending downward.”
10. The Respondent reported eight (8) overflows from the WWCS during the period from September 2009 through November 2010. The reported volume of wastewater released into Lake Wylie was fifteen thousand five hundred (15,500) gallons.

**Tega Cay WWTF #3 & #4:**

11. The Respondent owns and is responsible for the proper operation and maintenance of the Tega Cay WWTF #3 and #4, located on Lake Wylie approximately one and one half (1.5) miles north of Secondary Road #195 and seven hundred and fifty feet (750) west of the existing marina, and the associated WWCS that serves the customers of its service area in York County, South Carolina.
12. The Department reissued NPDES Permit SC0026751 to the Respondent, authorizing the Respondent to discharge treated wastewater to the main channel of Lake Wylie in accordance

with the effluent limitations, monitoring requirements and other conditions set forth therein.

The Permit contains a compliance schedule to upgrade the WWTF to meet total phosphorous effluent limits by August 1, 2008.

13. On September 30, 2009, the Respondent entered into Consent Order 09-042-W, in settlement of violations of the NPDES Permit for failure to comply with the compliance schedule to upgrade the WWTF to meet effluent limits for total phosphorous, for discharging untreated wastewater from SSOs into the environment and for failure to properly report the overflows. The Respondent agreed to upgrade the WWTF to meet phosphorous limits. The Respondent completed the upgrade in June 2010.
14. The Respondent reported violations of the effluent discharge limits for total phosphorous on DMRs submitted for the July and August 2010 monitoring periods.
15. Comments provided on the DMR for the July 2010 monitoring period stated, “[The] [p]hosphorous treatment upgrade is complete. As of 8/17/10 we have implemented changes in the chemical feed rate recommended by the design engineer and the chemical vendor.”
16. Comments provided on the August 2010 DMR stated “We are continuing to fine tune chemical feed levels in an effort to meet permit limits for total phosphorous. We have had some success in meeting the limits in WWTF #2 using the same system. As more process control testing is documented, compliance will become the norm.”
17. The Respondent reported a violation of the effluent discharge limit for total phosphorous on the DMR submitted for the September 2010 monitoring period. Comments provided on the DMR stated “We are continuing to adjust the total phosphorous treatment system. The monthly average was an exceedance but was 1/3 less than last month. The weekly average

was ½ of last month's concentration. We met the loading limit this month and will continue to adjust the treatment to achieve complete compliance."

18. On October 21, 2010, Department staff sent a NOV to the Respondent for the total phosphorous violations reported during the July and August 2010 monitoring periods. A response was not required since explanations for the violations were provided on the DMRs.
19. The Respondent reported a violation of the effluent discharge limit for total phosphorous on the DMR submitted for the October 2010 monitoring period. Comments provided on the DMR stated "We are continuing to adjust the total phosphorous treatment system. The monthly average was an exceedance but was 1/3 less than last month. The weekly average was ½ of last month's concentration. We met the loading limit this month and will continue to adjust the treatment to achieve complete compliance."
20. The Respondent reported six (6) overflows from the WWCS during the period from September 2009 through November 2010. The reported volume of wastewater released into Lake Wylie was five thousand eight hundred (5,800) gallons.
21. On September 1 and September 8, 2010, Department staff conducted an inspection of the referenced wastewater collection systems. The resulting inspection report was rated unsatisfactory for failure to properly operate and maintain the wastewater collection systems and repeated overflows in the collection systems. Documentation provided by the Respondent lists infiltration and inflow from heavy rain, roots, grease, and collapsed sewer lines as cause(s) of the overflows. The inspection report was provided to Mr. Patrick Flynn, Regional Director, agent for the Respondent, on November 16, 2010.
22. On December 6, 2010, the Respondent submitted a report and plans and specifications,

describing the physical upgrades and proposed changes in the treatment process to ensure compliance with the total phosphorous limits of NPDES Permits SC0026743 and SC0026751.

23. The Respondent has completed installation of the physical upgrades and proposed changes in the treatment process discussed in Item 22 above.

### **CONCLUSIONS OF LAW**

Based upon the above Findings of Fact, the Department reaches the following Conclusions of Law:

1. The Respondent violated the Pollution Control Act, S.C. Code Ann. § 48-1-110 (d) (2008) and Water Pollution Control Permits, 24 S.C. Code Ann. Regs. 61-9.122.41 (a) and (e) (Supp. 2009), in that it failed to comply with the effluent limits for total phosphorous contained in its NPDES Permit.
2. The Respondent violated Pollution Control Act, S.C. Code Ann. § 48-1-110 (d) (2008) and Water Pollution Control Permits, 24 S.C. Code Ann. Regs. 61-9.122.41(a) and (e) (Supp. 2009), in that it failed to comply with all the conditions of the NPDES Permit and failed to properly operate and maintain in good working order all facilities and systems of treatment and control (and related appurtenances) as required by the Permit.
3. The Respondent violated the Pollution Control Act, S.C. Code Ann. § 48-1-90(a) (2008), in that it discharged untreated wastewater into the environment, including into waters of the State, in a manner other than in compliance with a permit issued by the Department.
4. The Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), provides for a civil penalty not to exceed ten thousand dollars (\$10,000.00) per day of violation for any person violating the

Act or any rule, regulation, permit, permit condition, final determination, or Order of the Department.

**NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED**, pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-50 (2008) and § 48-1-100 (2008), that the Respondent shall:

1. Maintain documentation of all overflows from the WWCS and within twenty-four (24) hours after detection, orally report all wastewater spills to the Department. Within five (5) days after detection, all wastewater spills shall be reported to the Department on and in accordance with DHEC Sewer System Overflow or Pump Station Failure Report Forms.
2. Immediately, upon the execution of this order, conduct an audit of the referenced wastewater collection systems, identifying the specific areas and locations (sewer lines, pump stations, etc.) where overflows have occurred and the corrective actions required to eliminate the overflows.
3. On or before March 31, 2011, submit a report containing the results of the wastewater collection system audit in Item 2. The report shall include, at a minimum, the information in the attached document titled "Sewage System Inspection Form." The report shall include a map of each WWCS and a Corrective Action Plan (CAP) which identifies the specific areas and/or items where corrective action is required, the specific corrective actions to be implemented to prevent future overflows and a schedule to implement the corrective actions. The CAP shall include the submission of reports to the Department every six (6) months, documenting the progress toward completion of the corrective actions in the report. The CAP and schedule shall, upon Department approval, become an enforceable part of this Order.



4. On or before March 10, 2011, comply with the effluent limits of NPDES Permits SC0026743 and SC0026751.
5. Within thirty (30) days of the execution date of the Order, pay the Department a civil penalty in the amount of sixty thousand dollars (\$60,000.00).

**THE PARTIES FURTHER STIPULATE** that the Respondent shall pay additional civil penalties in the amount of ten thousand dollars (\$10,000.00) if the Respondent fails to comply with effluent limits by March 10, 2011, plus an additional ten thousand dollars (\$10,000.00) per month for each and every additional month, if the Respondent fails to comply with NPDES Permit limits for a period of three (3) months. In addition, the Respondent shall pay additional civil penalties in the amount of twenty-five thousand dollars (\$25,000.00) if the Respondent fails to submit the Report and the CAP required in Item 3 above, plus twenty-five thousand dollars (\$25,000.00) per month for each and every additional month the Respondent fails to submit the Report and the CAP, unless the schedule date has been extended by mutual agreement through further amendment to this Consent Order. All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control.

All penalties, including those due and payable in the event of the Respondent's failure to comply with this Order, shall be in addition to any other remedies or sanctions which may be available to the Department by reason of the Respondent's failure to comply with the requirements of this Order.

**PURSUANT TO THIS ORDER**, all communication regarding this Order and its requirements, shall include the Order number and shall be addressed as follows:

Paul F. Wise

Water Pollution Control Division  
South Carolina DHEC  
2600 Bull Street  
Columbia, South Carolina 29201

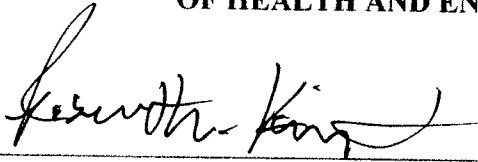
Please include the Order number listed above on all submittals required under this Order, including all checks remitted as payment of the civil penalty.

**IT IS FURTHER ORDERED AND AGREED** that failure to comply with any provision of this Order shall be grounds for further enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), to include the assessment of additional civil penalties.

**IT IS FURTHER ORDERED AND AGREED** that this Consent Order governs only Tega Cay Water Service, Inc.'s liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Tega Cay Water Service, Inc., with respect to the resolution and settlement of the matters set forth herein. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Consent Order.

**[Signature Page Follows]**

**FOR THE SOUTH CAROLINA DEPARTMENT  
OF HEALTH AND ENVIRONMENTAL CONTROL**




Robert W. King, Jr., P.E.  
Deputy Commissioner  
Environmental Quality Control

Date: 2/14/11



David E. Wilson, Jr., P.E.,  
Bureau Chief  
Bureau of Water

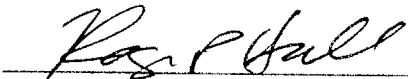
Date: 2-15-11



Glenn E. Trofatter, Director  
Water Pollution Control Division  
Bureau of Water

Date: Feb 14, 2011

Reviewed By:

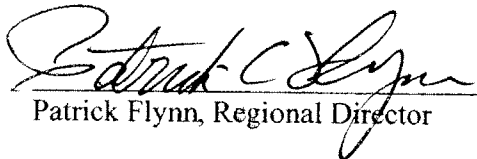


Attorney  
Office of General Counsel

Date: 2/15/11

**WE CONSENT:**

**TEGA CAY WATER SERVICE, INC.**



Patrick Flynn, Regional Director

Date: 2/11/2011